



Department of Education, Sabaragamuwa/weekly school

week- July 3

Subject-Accounting

Grade-12

Prepared by -
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Competency 2.0 – Presents transactions and events of a business through an accounting equation.

Competency Level 2.1- Evaluates how the total assets of a business agree with its total of liabilities and equity.

Rupika commenced a beauty parlour which started its activities on January 01, 2017 and the following transactions took place during the first week.

- 2017/01/01 To commence business activities she gave the business a building valued at Rs.8 lakhs that she owned together with Rs.5 lakhs in cash.
- 2017/01/02 Purchased necessary materials for use in the beauty parlour at a cost of Rs.2,250,000.
- 2017/01/03 Income for the supply of beauty parlour services Rs. 150,000 while the cost of materials used was Rs.100,000.
- 2017/01/04 Obtained a loan of Rs.2 lakhs from the People's Bank for business expansion.
- 2017/01/05 Paid Rs.3,000 for telephone services and Rs.2,000 for electricity in cash.
- 2017/01/06 Paid Rs.10,000 as salary to an assistant.
- 2017/01/07 Rupika took Rs.4,000 from the business for her personal expenses.
- 2017/01/07 Rs.50,000 for the provision of staff loans. Cost of materials consumed is Rs.40,000.

1. State how each transaction affects the accounting equation.

Transaction	Capital	Income	Expenses	Liabilities	Assets
1					
2					

2. Calculate the total income and total expenditure of the business.